

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date _____

JUL 11 2012

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2011

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M. CARLEEN DUMAS
Certified Public Accountant
369 Donaldson Road. Calhoun, Louisiana. Telephone 318/644-5726

Independent Accountant's Review Report

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

I have reviewed the accompanying financial statements of the business-type activities of the Columbia Heights Water District (the "District"), a component unit of Caldwell Parish Police Jury, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management of the District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 4 through 6 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). The schedule of compensation paid commissioners, status of prior year findings, and current year findings and corrective action plan on pages 20 through 22, are not a required part of the basic financial statements but are supplementary information required by the Louisiana Governmental Audit Guide. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or provide any assurance on the supplementary information.

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**BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana**

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated June 7, 2012, on the results of my agreed-upon procedures.

**/s Carleen Dumas
Calhoun, Louisiana
June 7, 2012**

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Our discussion and analysis of Columbia Heights Water District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2011. Please read it in conjunction with the District's financial statements that begin on page 8.

BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

- a. Management's discussion and analysis (MD&A)
- b. Statement of net assets
- c. Statement of revenues, expenses, and changes in net assets
- d. Statement of cash flows
- e. Notes to the financial statements
- f. RSI other than MD&A, if applicable

The Columbia Heights Water District is a special-purpose government engaged only in business-type activities.

Enterprise Fund Financial Statements

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and the changes in them. Net assets - the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

**COMPARATIVE ANALYSIS OF
FINANCIAL DATA**

The District's total net assets increased by \$131,293 during 2011. Operating revenues decreased \$10,302 primarily due to an decrease in consumption during 2011. Operating expenses increased \$8,021 in 2011 primarily due to an increase in salaries and payroll tax expense. The following presents an analysis of net assets and changes in net assets of the District's business-type activities:

	BUSINESS-TYPE ACTIVITIES	
	2011	2010
Assets		
Current assets	\$921,328	\$819,182
Restricted assets	123,608	100,287
Capital assets	97,022	105,119
Total assets	<u>1,141,958</u>	<u>1,024,588</u>
Liabilities		
Current liabilities	106,455	108,378
Long-term liabilities	<u>124,000</u>	<u>136,000</u>
Total liabilities	<u>230,455</u>	<u>244,378</u>
Net Assets		
Invested in capital assets, net of related debt	(38,978)	(41,881)
Restricted for debt service	123,608	100,287
Unrestricted	<u>826,873</u>	<u>721,804</u>
Total net assets	<u>911,503</u>	<u>780,210</u>
Operating revenues	333,745	341,930
Operating expenses	202,904	194,883
Non-operating revenues (expenses)	452	3,864
Change in net assets	131,293	150,911
Net assets - beginning	<u>780,210</u>	<u>629,299</u>
Net assets - ending	<u>\$911,503</u>	<u>\$780,210</u>

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

OVERALL FINANCIAL POSITION

The District's change in net assets was a \$131,293 increase. Unrestricted net assets (those assets available to finance the daily operations of the district) were \$826,873 at year end. The amount of net assets restricted for debt service was \$123,608. The amount invested in capital assets, net of related debt was (\$38,978) at year end.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$97,022. Capital assets include land, the water system and equipment costing \$1,000 or more. There were no additions or deletions to capital assets during 2011. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year end the District had \$136,000 in revenue bonds payable. Interest expense on these bonds was \$7,044 for 2011. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

The District anticipates that operating revenues and expenses will remain fairly constant for 2012. The District anticipates making major improvements to its water system during 2012. The total cost of these improvements as well as the source of financing has not yet been determined.

BASIC FINANCIAL STATEMENTS

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

STATEMENT OF NET ASSETS
December 31, 2011

ASSETS

Current assets:

Cash	\$386,283
Investments	492,673
Accounts receivable - water sales (net)	42,372
Total current assets	<u>921,328</u>

Noncurrent assets:

Restricted cash	123,608
Property, plant and equipment (net of accumulated depreciation)	97,022
Total noncurrent assets	<u>220,630</u>
Total assets	<u>1,141,958</u>

LIABILITIES

Current liabilities:

Accounts payable	17,520
Payroll taxes payable	1,899
Accrued interest payable	3,782
Current portion of long-term debt	12,000
Customer deposits	71,254
Total current liabilities	<u>106,455</u>

Noncurrent liabilities:

Long-term debt - revenue bonds payable	124,000
Total liabilities	<u>230,455</u>

NET ASSETS

Invested in capital assets, net of related debt	(38,978)
Restricted for debt service	123,608
Unrestricted	826,873
Total net assets	<u>\$911,503</u>

See accompanying notes and independent accountant's review report.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS**
For the Year Ended December 31, 2011

OPERATING REVENUES

Water sales	\$331,628
Installation fees	700
Other revenue	<u>1,417</u>
Total revenues	<u>333,745</u>

OPERATING EXPENSES

Commissioners fees	4,400
Accounting and audit	1,598
Maintenance and repairs	4,777
Materials and supplies	46,594
Office expense	3,512
Utilities	20,443
Insurance	12,179
Salaries and payroll taxes	90,857
Collections expense	2,316
Truck and gas expense	4,571
Depreciation	8,098
Other operating expenses	<u>3,559</u>
Total operating expenses	<u>202,904</u>

OPERATING INCOME130,841**NON-OPERATING REVENUES (EXPENSES)**

Interest income	7,496
Interest expense	<u>(7,044)</u>
Total non-operating revenues	<u>452</u>

CHANGE IN NET ASSETS

131,293

NET ASSETS - BEGINNING780,210**NET ASSETS - ENDING**\$911,503

See accompanying notes and independent accountant's review report.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$333,743
Customer deposit receipts, net	433
Payments to suppliers	(109,457)
Payments to employees and board members	(88,399)
Net cash provided by operating activities	<u>136,320</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on capital debt	(11,000)
Interest paid on capital debt	(7,350)
Increase in restricted cash	(23,321)
Net cash used by capital and related financing activities	<u>(41,671)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	7,496
Increase in investments	(7,200)
Net cash provided by investing activities	<u>296</u>

NET INCREASE IN CASH

94,945

CASH AT BEGINNING OF YEAR291,338**CASH AT END OF YEAR**\$386,283**Reconciliation of Operating Income to Net Cash****Provided by Operating Activities**

Operating Income	<u>\$130,841</u>
Adjustments:	
Depreciation	8,098
Increase in accounts receivable	(2)
Decrease in accounts payable	(3,354)
Increase in payroll taxes payable	304
Increase in customer deposits	433
Total adjustments	<u>5,479</u>
Net cash provided by operating activities	<u><u>\$136,320</u></u>

See accompanying notes and independent accountant's review report.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

INTRODUCTION

The Columbia Heights Water District was created by the Caldwell Parish Police Jury as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the district. The district is governed by a five member board appointed by the police jury. The district serves approximately 663 customers and has three part-time employees.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Columbia Heights Water District is considered a component unit of the Caldwell Parish Police Jury. As a component unit, the accompanying financial statements maybe included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

1. Management's discussion and analysis (MD&A)
2. Statement of net assets
3. Statement of revenues, expenses, and changes in net assets
4. Statement of cash flows
5. Notes to the financial statements
6. RSI other than MD&A, if applicable

The Columbia Heights Water District is a special-purpose government engaged only in business-type activities.

See independent accountant's review report.

COLUMBIA HEIGHTS WATER DISTRICT
Notes to the Financial Statements

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

Enterprise fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Columbia Heights Water District has elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the Columbia Heights Water District are water sales, installation fees, and other miscellaneous operating revenues. Operating expenses for enterprise funds include the costs of the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Deposits and Investments

Cash includes amounts in interest-bearing and non-interest bearing demand deposits. State law allows the district to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 2011, the district's investments consist of nonnegotiable certificates of deposits with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost.

D. Receivables

Receivables for water sales are shown net of an allowance for uncollectible amounts. The allowance is an estimate based on the amount of receivables that are past due and the amount collected in the month following the month billed.

See independent accountant's review report.

COLUMBIA HEIGHTS WATER DISTRICT
Notes to the Financial Statements

E. Restricted Assets

Certain resources set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited by the debt agreement.

F. Capital Assets

Capital assets, which include land, the water system, and equipment are reported in the enterprise fund financial statements. All of the district's capital assets are capitalized at historical cost. The Columbia Heights Water District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure - Water system	25 years
Equipment	5 - 10 years

G. Long-term Obligations

Long-term debt such as revenue bonds payable are reported as liabilities in the statement of net assets.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2011, the district has cash and investments (book balances) as follows:

Non-interest bearing checking accounts	\$386,283
Interest bearing savings accounts	123,608
Investments - certificates of deposit	<u>492,673</u>

See independent accountant's review report.

COLUMBIA HEIGHTS WATER DISTRICT
Notes to the Financial Statements

Total \$1,002,564

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2011, the Columbia Heights Water District has \$1,015,080 in deposits (collected bank balances). These deposits are secured from risk by \$586,036 of federal deposit insurance and \$504,996 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

3. ACCOUNTS RECEIVABLE

At December 31, 2011, the district has net receivables of \$42,372 as follows:

Water sales	\$47,985
Allowance for uncollectible accounts	<u>(5,613)</u>
Net receivables	<u><u>\$42,372</u></u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2011, is as follows:

	Balance at January 1, 2011	Increases	Decreases	Balance at December 31, 2011
Capital assets not being depreciated:				
Land	<u>\$57,489</u>	<u>NONE</u>	<u>NONE</u>	<u>\$57,489</u>
Capital assets being depreciated:				
Water system	\$992,133			\$992,133
Equipment	<u>108,518</u>			<u>108,518</u>
Total capital assets being depreciated	<u>1,100,651</u>	<u>NONE</u>	<u>NONE</u>	<u>1,100,651</u>

See independent accountant's review report.

COLUMBIA HEIGHTS WATER DISTRICT
Notes to the Financial Statements

	Balance at January 1, 2011	Increases	Decreases	Balance at December 31, 2011
Less accumulated depreciation for:				
Water system	\$970,061	\$2,267		\$972,328
Equipment	82,959	5,831		88,790
Total accumulated depreciation	1,053,020	8,098	NONE	1,061,118
Total assets being depreciated, net	47,631	(8,098)	NONE	39,533
Total assets	<u>\$105,120</u>	<u>(\$8,098)</u>	<u>NONE</u>	<u>\$97,022</u>

Depreciation expense of \$8,098 for the year ended December 31, 2011 was reported in the statement of revenues, expenses, and changes in net assets.

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt (revenue bonds payable) transactions for the year ended December 31, 2011:

Revenue bonds payable at January 1, 2011	\$147,000
Additions	NONE
Reductions	<u>(11,000)</u>
Revenue bonds payable at December 31, 2011	<u>\$136,000</u>

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of December 31, 2011:

Current portion	\$12,000
Long-term portion	<u>124,000</u>
Total	<u>\$136,000</u>

All outstanding debt at December 31, 2011, in the amount of \$136,000 are revenue bonds payable with maturities from 2012 until 2020 and 5% interest rate. Loan principal and interest payable in the next fiscal year are \$12,000 and \$6,800, respectively. The individual bonds are as follows:

See independent accountant's review report.

COLUMBIA HEIGHTS WATER DISTRICT
Notes to the Financial Statements

	\$333,100
	<u>Bonds</u>
Original issue date	6/11/80
Interest rate	5.00%
Final payment due	6/11/20
Interest to maturity	\$36,800
Principal outstanding	\$136,000
Funding source	Water revenue

The loan is due as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2012	\$12,000	\$6,800	\$18,800
2013	12,000	6,200	18,200
2014	13,000	5,600	18,600
2015	14,000	4,950	18,950
2016	15,000	4,250	19,250
2017 - 2020	<u>70,000</u>	<u>9,000</u>	<u>79,000</u>
Total	<u><u>\$136,000</u></u>	<u><u>\$36,800</u></u>	<u><u>\$172,800</u></u>

6. RESTRICTED NET ASSETS

The bond covenants with the United States Department of Agriculture, Farmers Home Administration for the long-term revenue bonds discussed in note 5 above, requires the district to establish the following reserve accounts:

- A. A "Sinking Fund". The district transfers \$1,646 into this fund each month. Such transfers will be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.
- B. A "Reserve Fund". This fund may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Sinking Fund and as to which there would otherwise be default.
- C. A "Depreciation Fund". The district transfers into this fund \$274 each month. Money in this fund may be used for the purpose of paying the cost of extraordinary repairs or replacements which are necessary to keep the

See independent accountant's review report.

COLUMBIA HEIGHTS WATER DISTRICT
Notes to the Financial Statements

system in operating condition and for which money is not available in the maintenance and operation fund. Money in this fund may also be used to pay principal and interest on the bonds at any time there is not sufficient funds in the other bond funds.

At December 31, 2011, the district has set aside \$123,608 to meet the reserve requirements. These deposits are reported as restricted cash on the district's statement of net assets.

7. RISK MANAGEMENT

The district purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

See independent accountant's review report.

SUPPLEMENTAL INFORMATION SCHEDULES

See independent accountant's review report.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2011

COMPENSATION PAID COMMISSIONERS

The schedule of compensation paid to commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:3819(G), Columbia Heights Water District commissioners receive \$100 per meeting attended.

STATUS OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 2.

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN**

The corrective action plan for current year findings is presented in Schedule 3.

See independent accountant's review report.

Schedule 1**COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana****SCHEDULE OF COMPENSATION PAID COMMISSIONERS
For the Year Ended December 31, 2011**

Louis Champagne	\$100
G.H. Childress	1,300
Ronnie Darden	800
Marshall Davis, Jr.	1,200
Mike McDonald	<u>1,000</u>
Total	<u>\$4,400</u>

See independent accountant's review report.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2011

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action</u>
N/A	2005	Inadequate segregation of accounting duties.	N/A	See current year findings.

See independent accountant's review report.

COLUMBIA HEIGHTS SEWERAGE
DISTRICT NO.1
Columbia, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2011

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
N/A	Inadequate segregation of accounting duties.	It is not economically feasible to correct this deficiency based on the size of the district.	Gerald Childress, President	N/A

See independent accountant's review report.

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. CARLEEN DUMAS
Certified Public Accountant
369 Donaldson Road. Calhoun, Louisiana. Telephone 318/644-5726

Independent Accountant's Report
On Applying Agreed-Upon Procedures

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Columbia Heights Water District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended December 31, 2011 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. There were no disbursements for materials and supplies exceeding \$30,000 nor were there any disbursements for public works exceeding \$150,000 made during the year.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

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Member of the Society of Louisiana of Certified Public Accountants

Columbia Heights Water District
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2011

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

One of the employees included on the list of employees provided by management in agreed-upon procedure (3) was also included on the listing obtained from employees in agreed-upon procedure (2) as an immediate family member. However, neither employee is considered an agency head.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

The district is not legally required to adopt a budget.

6. Trace the budget adoption and amendments to the minute book.

See procedure 5.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

See procedure 5.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and;
- (a) trace payments to supporting documentation as to correct amount and payee;
 - (b) determine if payments were properly coded to the correct fund and general ledger account;
 - (c) determine whether payments received approval from proper authorities.

An examination of six randomly selected disbursements disclosed the following:

Columbia Heights Water District
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2011

- (a) The six selected disbursements were supported by adequate documentation.
- (b) The six selected payments were properly coded to the correct fund and general ledger account.
- (c) The six selected payments received approval from the proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the opening meetings law).

The public notices for meetings were posted as required by LSA-RS 42:7.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I examined all deposits for the period under examination and noted no proceeds that appeared to be from bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments to employees which may constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

There was one finding included in the prior year report. That finding has not been resolved by management.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

**Columbia Heights Water District
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2011**

This report is intended solely for the use of management of the Columbia Heights Water District and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

**/s Carleen Dumas
Calhoun, Louisiana
June 7, 2012**

Louisiana Attestation Questionnaire

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the *Louisiana Governmental Audit Guide*.

M. Carleen Dumas, CPA
369 Donaldson Road
Calhoun, LA 71225

Mrs. Dumas,

In connection with your review of our financial statements as of December 31, 2011 and for the year then ended, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of Dec. 31, 2011.

PUBLIC BID LAW

1. It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☒ No ☐ N/A ☐

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐ N/A ☐

3. It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances which would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐ N/A ☐

BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐ N/A ☐

ACCOUNTING AND REPORTING

5. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐ N/A ☐

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes ☒ No ☐ N/A ☐

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐ N/A ☐

MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes ☒ No ☐ N/A ☐

DEBT

9. It is true that we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60 - 1410.65.

Yes ☒ No ☐ N/A ☐

ADVANCES AND BONUSES

10. It is true that we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [☒] No [☐] N/A [☐]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

/s Gerald Childress

Name

5/20/12

Date